

A Market Intelligence System

Intelligence

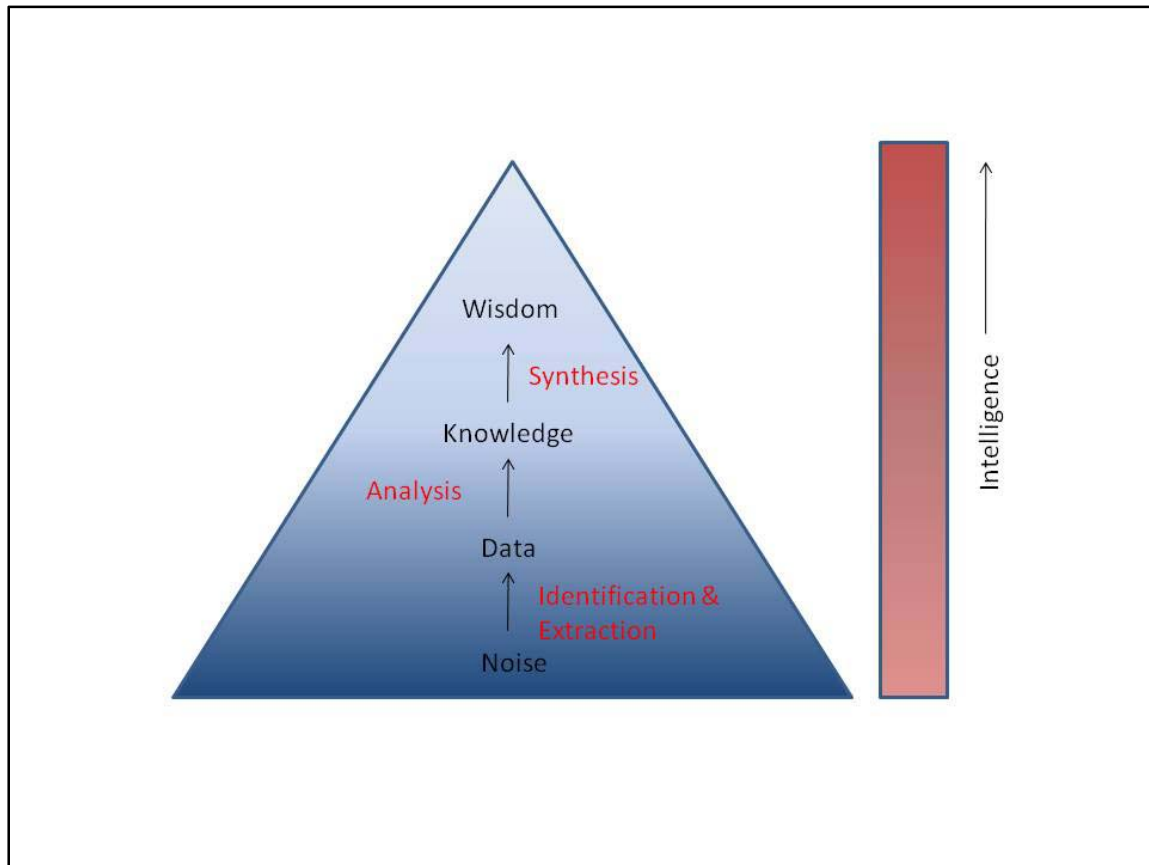
While there is considerable debate as to what constitutes intelligence in humans and about the various types of intelligence that have been discovered, there is little debate as to what constitutes intelligence in and for the systems humans build. Intelligence is any form of information that improves decision making. An intelligence system is an organized way to collect and create intelligence.

Information exists in a spectrum from noise to wisdom. How can noise be information? It's just information that we don't consider new or relevant to our current status. Intelligence generally increases as the quality of information is moved from noise to data to knowledge to wisdom. Data is information that is new and relevant to the purpose of the intelligence system. Data is identified in the sea of noise and extracted for analysis. Knowledge is understanding obtained by analysis of the data. And, wisdom, characterized by judgment, insight of the present or past, or foresight of the future, is created through synthesis of the knowledge.

*Where is the wisdom we have
lost in knowledge?*

*Where is the knowledge we
have lost in information?*

T. S. Eliot, The Rock



Types of Intelligence

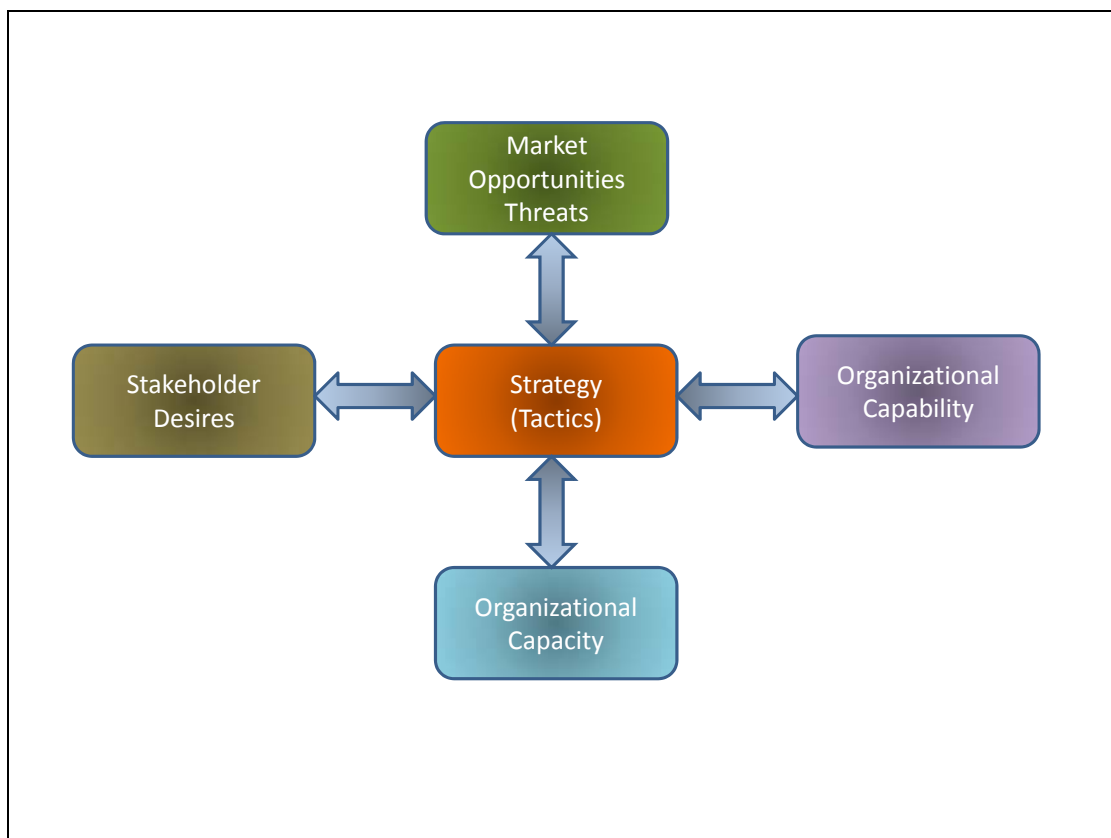
There are two types of intelligence:

Strategic: A strategy describes how the vision, mission and goals of an organization are to be reached. Strategic intelligence includes actionable information that affects the vision, mission and goals of the organization. The time horizon on strategic intelligence has to be at least as long as the time it takes to implement decisions reached from the strategic intelligence to achieve the desired outcome.

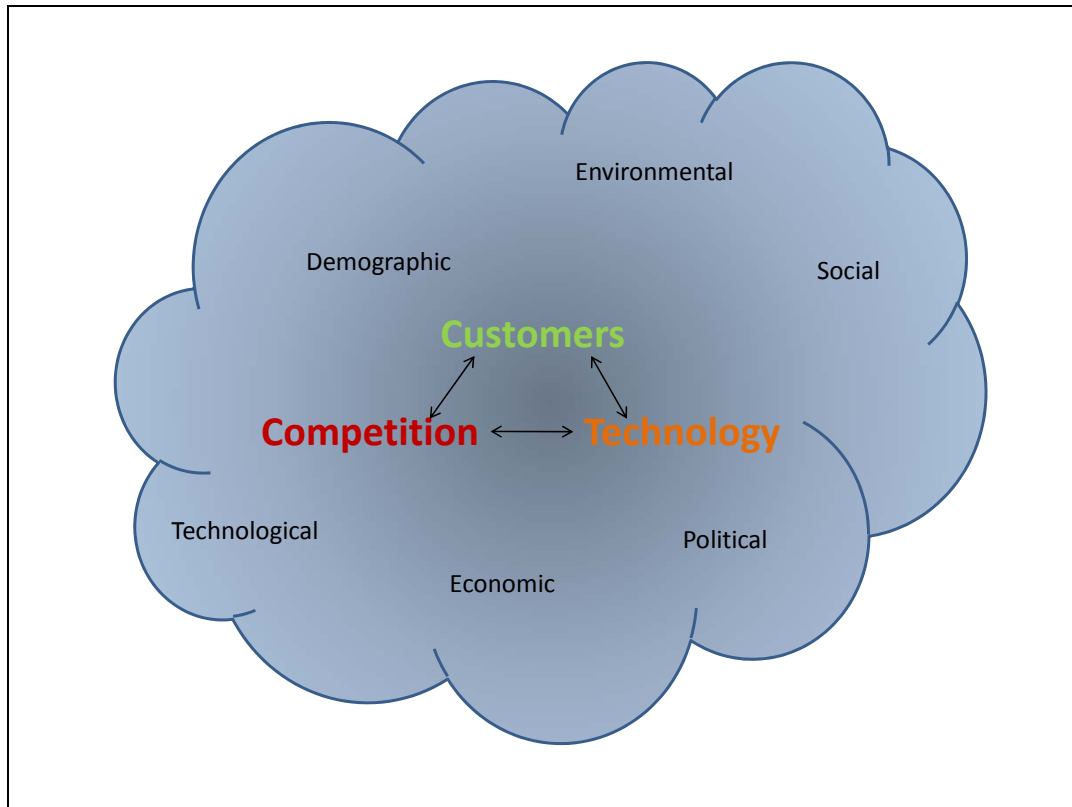
Tactical: A tactic describes the organization's plan to utilize its resources. A tactic supports a strategy. Tactics often relate to small-scale actions serving a larger purpose that are made or carried out with only a limited or immediate end in view. Tactical intelligence therefore contains actionable information that affects the resource plans of the organization including its processes and procedures. The time horizon on tactical intelligence has to be at least as long as it will take to implement the decisions resulting. The tactical time horizon is shorter than the strategic time horizon.

Focus of Intelligence

The role of strategy is to obtain the optimum balance of four elements – market opportunities and threats, stakeholder desires, organizational capabilities and organizational capacities. Tactics focuses on the organization's capabilities and capacities in order to mesh with the goals established by the strategy. This can provide a useful framework for intelligence systems.



Within the market there are driving forces, technology, competition and customers. There are six types of driving forces at work within a market: demographic, social, economic, political, environmental and technological. The impact of technology shows up twice in this description of a market. Technologies can be embedded, supportive or enabling of a product or a service to provide increased value for customers and comparative advantage. Technology as a driving force interacts with the other driving forces to create strategic shifts in the market.



The type and focus of intelligence systems can be combined to create a table of actual and potential intelligence systems.

Type	Focus					
	Market				Organization	Stakeholder
	Driving Forces	Technology	Competition	Customer		
Tactical						
Strategic						

An organization has projects, resources and culture. And within resources there are categories: capital, people, facilities, knowledge, tools & equipment, and partners.

Descriptions of Intelligence

Customer Intelligence: Customer intelligence is the process of gathering, analyzing and exploiting information of a company's customer base. It helps the company create a customer focused marketing process. Customer intelligence is core to the rapid innovation, promotion and distribution of new products. A company's customer base and the information that the company has on its customers is a valuable asset that can give it a comparative advantage. When you have a high definition view of your customers, you can communicate more effectively and make smarter business decisions. Customer intelligence encompasses customer relation management (CRM) and quite often now involves the use of social networking and social media tools. Customer intelligence usually focuses on current customers, may include identified potential customers, but has no way to include unidentified potential customers.

Competitor Intelligence: Competitor intelligence is the purposeful and coordinated monitoring of your competitors, wherever and whoever they may be, within a specific marketplace. Your competitors are those firms which you consider rivals in business, and with whom you compete for market share. The purpose is to find out who your competitors are and what your competitors are doing.

Competitive Intelligence: Competitive intelligence goes beyond competitor intelligence to determine what your competitors will do – to strategically gain foreknowledge of your competitor's plans and to



plan your business strategy to countervail their plans. As you might expect, this will involve many methods at the tactical collection level, but it will also require integration into your existing information infrastructure, analysis and distribution of the information, and finally, the calculation of business decisions on the basis of that information and its analysis. Competitive intelligence should include direct, indirect and structural competitors, but most often focuses on direct competitors, leaving the organization blind to indirect and structural competition.

Sales Intelligence: Sales intelligence (SI) refers to technologies, applications and practices for the collection, integration, analysis, and presentation of Sales information. The purpose of Sales intelligence is to support better business decision making by sales people. SI describes a set of concepts and methods to improve sales performance and decision making by using fact-based transaction information. SI is usually integrated or includes (CRM) Customer Relationship Management. Sales Intelligence systems are data-driven. Sales Intelligence is similar to Business Intelligence (BI) but is specifically designed for the use of sales people and sales managers. Sales intelligence solutions are predominantly designed for companies in the manufacturing, distribution and wholesale sectors. These are highly competitive markets, where volumes are high, margins are low. (SI) solutions provide unique insight into customer buying patterns. By automatically analyzing and evaluating these patterns, Sales Intelligence pro-actively identifies and delivers up-sell, cross-sell and switch-sell opportunities. Most good Sales Intelligence products will inform you if there's a potential customer drift issue, so you can address the situation before it becomes a problem. Unlike customer relationship management (CRM) and traditional business intelligence (BI) applications, Sales Intelligence analyses your existing sales data to pro-actively deliver actionable, relevant information.

Operational Intelligence: Operational Intelligence (OI) focuses on providing real-time monitoring of business processes and activities as they are executed within computer systems, and in assisting in optimizing these activities and processes by identifying and detecting situations that correspond to interruptions and bottlenecks. The purpose of OI is to monitor business activities and identify and detect situations relating to internal inefficiencies, opportunities, and threats. Some definitions define Operational Intelligence as an event-centric approach to delivering information that empowers people to make better decisions. OI helps quantify the efficiency of the business activities, how the IT (information technology) infrastructure and unexpected events affect the business activities (resource bottlenecks, system failures, events external to the company, etc.) and how the execution of the business activities contribute to revenue gains or losses. This is achieved by observing the progress of the business activities and computing several metrics in real-time using these progress events and publishing the metrics to one or more channels (e.g., a dashboard that can display the metrics as charts and graphs, autonomic software that can receive these updates and fine-tune the processes in real-time, email, mobile, and messaging systems that can notify users, and so on). Thresholds can also be placed on these metrics to create notifications or new events. In addition, these metrics act as the starting point for further analysis (drilling down into details, performing root cause analysis — tying anomalies to specific transactions and of the business activity). Sophisticated OI systems also provide the ability to associate metadata with metrics, process steps, channels, etc. With this, it becomes easy to get related information, e.g., retrieve the contact information of the person that manages the

application that executed the step in the business transaction that took 60% more time than the norm, or view the acceptance/rejection trend for the customer who was denied approval in this transaction, or launch the application that this process step interacted with.

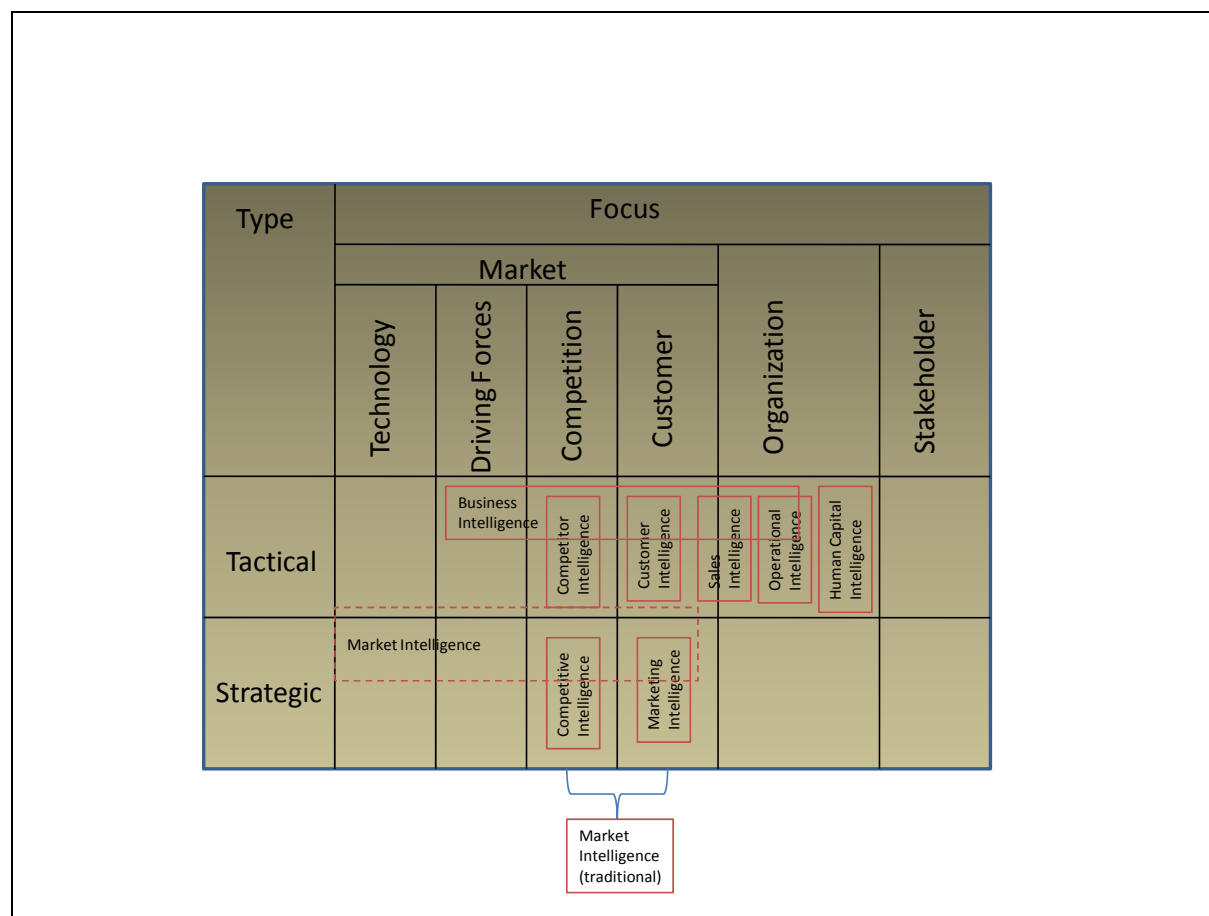
Marketing Intelligence: Marketing intelligence is the process of acquiring and analyzing information in order to understand the market (both existing and potential customers); to determine the current and future needs and preferences, attitudes and behavior of the market; and to assess changes in the business environment that may affect the size and nature of the market in the future. Social networks and social media are being used to assist in this endeavor.

Business Intelligence: Business intelligence (BI) refers to skills, technologies, applications and practices used to help a business acquire a better understanding of its commercial context. Business intelligence may also refer to the collected information itself and the knowledge developed from this information. BI applications provide historical, current, and predictive views of business operations. Often these applications use data gathered into a data warehouse or a data mart. Occasionally the applications work from operational data. Common functions of business intelligence applications are reporting, OLAP, analytics, data mining, business performance management, benchmarks, and predictive analysis. The major thrust of business intelligence theory looks at certain factors to make high quality decisions. These factors include customers, competitors, business partners, economic environment and internal operations. As businesses open up to interact with and leverage social networking environments and tools, users, customers, partners, and suppliers are taking up important roles, each day becoming more involved in the R&D of all commercial products and services. The role of BI has to change to accommodate the people-centric methodologies in the context of an open innovation paradigm. Business Intelligence 2.0 is a term referring to a new generation of Business Intelligence software that is more proactive than reactive (the latter merely analyzing data or reports produced after the fact). The first generation of Business Intelligence analyzed information involved in business oriented decisions while the next generation helps make decisions as or before events happen. Business intelligence 2.0 works on the semantic data model, not requiring knowledge of data structures or canonical forms, enabling more collaboration and supporting a people-centric, open innovation approach. While the business intelligence approach sometimes claims it assists in strategic decision making, it has a very short time horizon.

Human Capital Intelligence: Human capital intelligence provides strategic insights for better decision-making with reference to workforce investments. Embracing an enterprise-wide HCI analytics program offers a number of meaningful operational and strategic benefits: Operational reporting is more efficient and cost-effective because the data from individual applications is integrated and accessed through a single solution. Graphically-rich information is available to the people who need to make decisions and show metric-based results. Real-time analytics demonstrate the true relationship between workforce investments and the organization's bottom-line financial, customer and operational results. Human resource practices and investments can be optimized to meet enterprise performance goals. As the value drivers are getting more complex, there is greater need to generate meaningful intelligence about the effect of HR processes on business performance. Human capital intelligence is emerging as an

effective channel for organizations to understand what impacts their business and how people make a difference, thus helping them to foster efficient behavior and create more value.

Market Intelligence: Market Intelligence (MI) is the information relevant to a company's markets, gathered and analyzed specifically for the purpose of accurate and confident decision-making in determining market opportunity, market penetration strategy, and market development metrics. Market intelligence is the systematic process of gathering, analyzing, supplying and applying information (both qualitative and quantitative) about the external market environment. Traditionally, this covers only customers and competition in both strategic and tactical areas. However, it is generally weak in the strategic time frame. Market intelligence makes heavy use of social networks and social media.



Summary

As you can see in the above graphic, the standard intelligence systems are complex, overlapping and have numerous gaps. None of the existing systems cover technology or stakeholders. And, business intelligence only covers short term economic drivers. The organization intelligence systems mostly cover only information systems, or transactional events. And, none of the systems really cover strategic organizational intelligence. Competitive and competitor intelligence only covers direct competition. Market intelligence is primarily focused on strategic intelligence. Furthermore, the existing systems focus on structured data, not free form text, audio and video.

This leaves a lot of room for future development and integration of systems.

There are numerous competitors for software systems in all of the current categories. Each offering is unique, and as a result, the mapping shown above is not inclusive.

A Market Intelligence System

Characteristics

A new market intelligence system, as shown in the above graphic in dotted lines, is primarily a strategic intelligence system. It covers the driving forces, customers, competition and technology. The form of the data it deals with is primarily free form text, graphics, video and audio, but it can also handle free form numbers. The concept is supported by several driving forces:

- The free information movement
- The growth of information on the Internet
- Improving general search tools and growth of special search tools
- Growth of RSS tools
- The growing appreciation of the wisdom of crowds
- Movement to collaboration and open innovation systems
- Growth of web 2.0 technologies that are enabling and encouraging customer (or user) generated content, that can be used to manipulate and format information, and that can be used to facilitate collaboration in understanding data extracted from the Internet.
- Disintermediation
- Low cost and quick turn around pressures
- The need for insight and foresight in order to make better decisions (not just data)
- The inherent power of a collaborative team of involved and engaged human minds to analyze, synthesize and judge information

We can be knowledgeable with other men's knowledge, but we cannot be wise with other men's wisdom.

Michel de Montaigne

Benefits

The benefits of this type of market intelligence systems are:

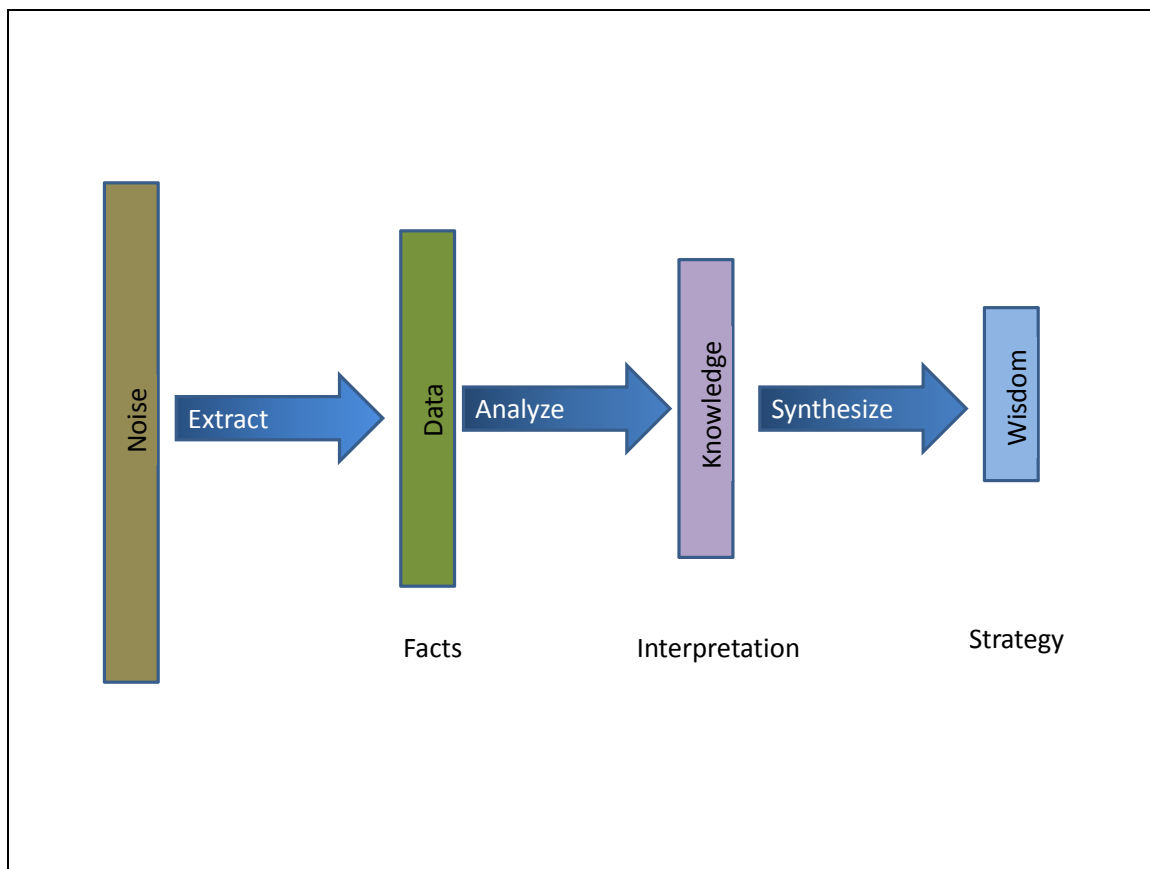
- Is supported by and supports the driving forces affecting organizations
- Low barrier to entry: low initial cost and low or no barriers to use
- Flexibility: easy to change focus, add new features, and answer new questions
- Scalable: works for various sized groups
- Adaptable: easily adapted to a large variety of groups and purposes
- Value increases with use

Process

The process that the market intelligence system follows is the noise to wisdom model described earlier. Data is identified and extracted from the sea of noise. These data are analyzed to provide knowledge and the knowledge is synthesized to create insight and foresight (wisdom). The data is gathered in the four categories: driving forces (economic, demographic, social, political, technological and environmental), customers (current, identified potential and unidentified potential), competition (direct, indirect and structural), and technology (embedded, supporting and enabling).

It is impossible to comprehend just how much information is actually floating around the globe, but it makes the odds of information you need existing very reasonable. Finding it is the real task. You need to know where to look and how to sift through the information, recognizing what you need and discarding that which lacks value to you.

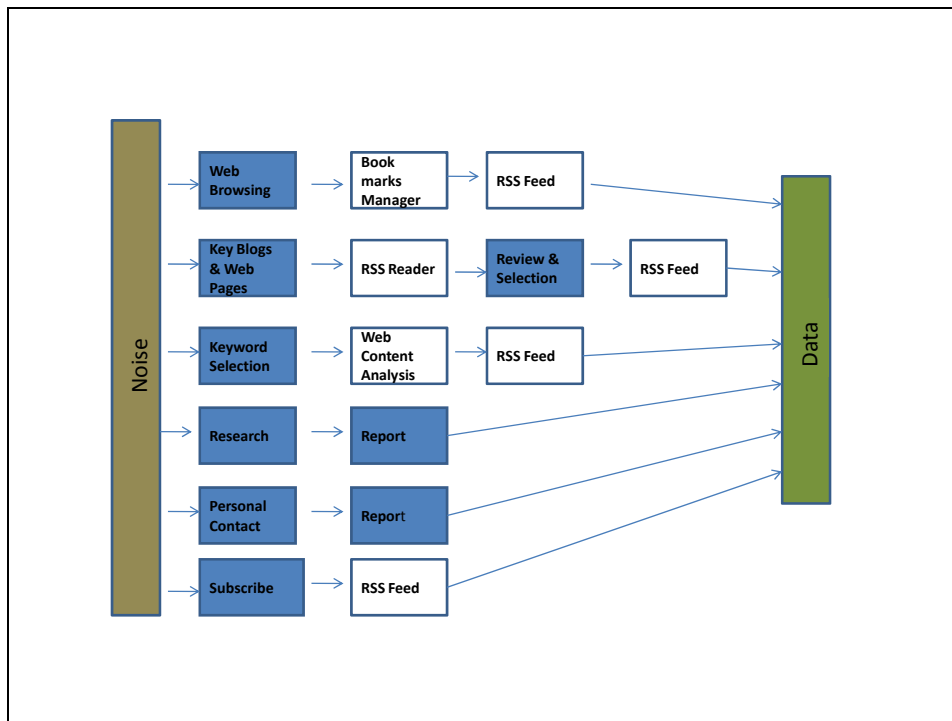
Competitive Intelligence: Create an Intelligent Organization and Compete to Win by Michelle and Curtis Cook



The sources of the data are many. They can include the Web at large, blogs, social networks, groups, news, press releases, individual web sites, reports, articles, financial sources, bookmarks & indices, and many more. Data in the form of text, tables, graphs, audio (podcasts) and video are brought into the collaborative workspace. Most of this happens automatically and is update nearly continuously.



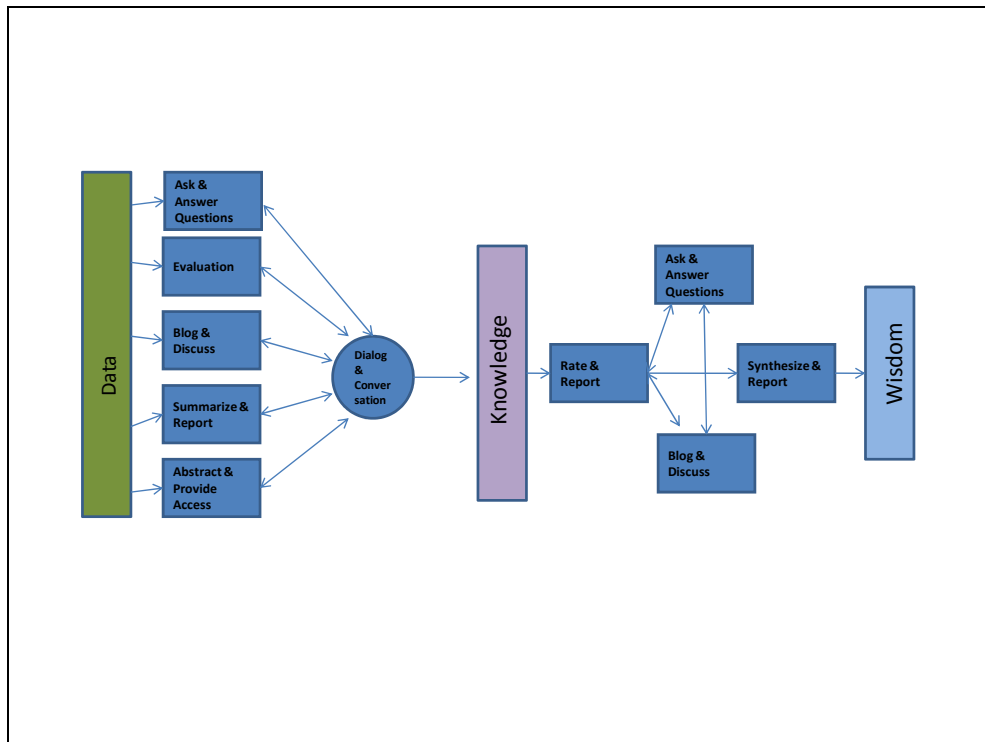
However, the members of the collaborative are encouraged to use their own sources and to bring those data into the systems as well. Consultant reports, books, journal articles and many other sources of pertinent information can be brought into the system through web browsing, RSS readers, searches, and reading can be brought in by members. The results of conversations, interviews, meetings and internal and external conferences can also be included.



The current state of readily available software is best for the identification and extraction of data. Analysis of numerical data is best done also with software tools. But, the analysis of free form text, video and audio is still best done with the human mind. In the graphics above and below(meant only to be examples), the blocks in white are done automatically and those blue are done by people.

Data, when organized, becomes information; information, when analyzed, becomes intelligence. Based on this model, intelligence professionals usually execute on a four-phased process, or cycle: 1) they identify the intelligence needs of key decision makers across the firm; 2) they collect information about events in a firm's external business environment from print, electronic, and oral sources; 3) they analyze and synthesize the information; and 4) they disseminate the resulting intelligence to decision makers.

Millennium Intelligence: Understanding and Conducting Competitive Intelligence in the Digital Age by Jerry Miller



As the market intelligence system matures, it learns. The data base of free form text, audio and video can be searched via keywords. Or, it can be queried in free from questions that members can respond to and a discussion created. In essence it is a complex system with emergent properties.

The system is easily scaled. Probably 12 people is the minimum size, and there is no upper limit. With smaller groups the effort has to be included in the members work requirements. At some point, as the group grows larger, participation will have to be incented in some way. Although for large group if there is a high degree of participation, the benefits of involvement will be obvious. It will work like any successful collaborative. Individuals put X in and get some multiple of X from involvement. The role of management of the system shifts as the number of people using the system increases. The system manager is involved when the group is small and the task becomes more editorial and administrative as the group gets large.

While the system can be operated without paying for any of the information (it's all available free on the Internet), it may be advantageous to include some paid information, or even include a consultant or analyst as a member of the team.

Depending on the purpose, vendors or customers could be included in the team. In addition, this system could be used for research panels.

Depending on the group's comfort with using web 2.0 tools or in

Wisdom is not a product of schooling but of a lifelong attempt to acquire it.
Albert Einstein

The key to wisdom is knowing all the right questions.
John Simone

collaboration in general, education and training may be required.

Management has to be involved in the system at least in leading discussions of important strategic issues.

Regardless of the tools you use, the single indispensable element to CI is the human factor: the smarts, experience, and instinct that can turn huge collections of dead facts into live intelligence that plays a central part in making business decisions. The best competitive intelligence team, experts agree, is one that is distributed, involving the company's entire workforce.

Special Report: Competitive Intelligence Smart Business Magazine, March 2001

The same can be said for market intelligence.

Success for every business, whether it's a one-person operation or a Fortune 500 corporation, increasingly depends on a timely awareness of the rapidly changing events impacting their organizations. Yet in most corporate settings, people consistently work with massive amounts of raw data, small amounts of value-added information derived from analysis, and very little intelligence. Market intelligence reverses this traditional trend toward data and information and redirects it toward actionable intelligence.

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